



City Council Agenda

Mayor
Sean VanGordon

City Council
Damien Pitts, Ward 1
Steve Moe, Ward 2
Kori Rodley, Ward 3
Leonard Stoehr, Ward 4
Marilee Woodrow, Ward 5
Joe Pishioneri, Ward 6

City Manager:
Nancy Newton
City Recorder:
AJ Nytes 541.726.3700

City Hall
225 Fifth Street
Springfield, Oregon 97477
541.726.3700
Online at www.springfield-or.gov

These meetings will be available via phone, internet using Zoom and in person. Members of the public wishing to attend these meetings electronically can call in or attend virtually by following the directions below. This information can also be found on the City's website.

The meeting location is wheelchair-accessible. For the hearing-impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. For meetings in the Council Meeting Room, a "Personal PA Receiver" for the hearing impaired is available, as well as an Induction Loop for the benefit of hearing aid users.

To arrange for these services, call 541.726.3700.

Meetings will end prior to 10:00 p.m. unless extended by a vote of the Council.

All proceedings before the City Council are recorded.

May 9, 2022

5:30 p.m. Work Session
Council Chambers with COVID-19 Precautions Required
or

Virtual Attendance

Registration Required:

Attend from your computer, tablet or smartphone:

Zoom

Meeting ID: 850 3528 0784

https://us06web.zoom.us/webinar/register/WN_g8BOosrWSlick3KAxXv7ow

To dial in using your phone in Listen Only Mode:

Dial 1 (971) 247-1195

Toll Free 1 (877) 853-5247

Oregon Relay/TTY: 711 or 800-735-1232

*(Council work sessions are reserved for discussion between Council, staff and consultants;
therefore, Council will not receive public input during work sessions.
Opportunities for public input are given during all regular Council meetings)*

CALL TO ORDER

ROLL CALL – Mayor VanGordon___, Councilors Pitts ___, Moe___, Rodley___, Stoehr___, Woodrow ___, and Pishioneri___.

1. Affordable Housing Strategies
[Erin Fifield and Sandy Belson]

(80 Minutes)

ADJOURNMENT

7:00 p.m. Executive Session
(Estimated Time)

Pursuant to ORS 192.660(2)(h), ORS 192.345(1), ORS 192.355(9)(a), ORS 192.660(2)(f)
and ORS 40.225

(Media can obtain virtual meeting details by calling 541-726-4666 or emailing anytes@springfield-or.gov no later than 3:00 p.m. on the day of the meeting)

CALL TO ORDER

ROLL CALL – Mayor VanGordon ____, Councilors Pitts ____, Moe ____, Rodley ____, Stoehr ____, Woodrow ____, and Pishioneri ____.

1. Litigation Update 2022
[Mary Bridget Smith] (30 Minutes)
2. Potential Litigation
[Kristina Kraaz] (20 Minutes)

ADJOURNMENT

AGENDA ITEM SUMMARY

Meeting Date: 5/9/2022
Meeting Type: Work Session
Staff Contact/Dept.: Erin Fifield/DPW
Sandy Belson/DPW
Staff Phone No: 541-736-7135
541-726-2302
Estimated Time: 80 Minutes
Council Goals: Promote and Enhance
our Hometown Feel
while Focusing on
Livability and
Environmental Quality

**SPRINGFIELD
CITY COUNCIL**

ITEM TITLE: AFFORDABLE HOUSING STRATEGIES

ACTION REQUESTED: Provide direction on selected strategies to increase the diversity and affordability of housing in Springfield including: waivers of system development charges (SDCs), recreational vehicles as temporary housing, use of HOME-ARP funds, and establishment of a housing diversity tax exemption.

ISSUE STATEMENT: Although the City has experienced a record number of new residential construction in the past two years, appropriate and affordable housing remains elusive for a significant portion of our community.

ATTACHMENTS:

1. Council Briefing Memo
2. Brochure: Guidelines for RVs as temporary housing

**DISCUSSION/
FINANCIAL
IMPACT:** Waiving system development charges (SDCs) would reduce the funds available for capital projects that have or will add capacity to our transportation, stormwater, and wastewater systems. However, waiving SDCs may encourage development that would not otherwise happen or make home ownership more affordable, therefore increasing the property tax base and increasing the number of utility customers.

There is no direct financial impact to the City of allowing people to temporarily live in recreational vehicles and provides a low-cost housing option.

The City has about \$900,000 in HOME-ARP funds to allocate in addressing the needs of homeless people, or those on the verge of homelessness.

Property tax exemptions would reduce general fund revenue for the city and potentially other taxing districts over the short term. However, the Housing Diversity Tax Exemption would be designed to encourage development that would not otherwise have happened, thereby providing the city with a long-term benefit with increased property tax revenue after the exemption period.

MEMORANDUM

City of Springfield

Date: 4/29/2022
To: Nancy Newton **COUNCIL**
From: Erin Fifield, Community Development Analyst **BRIEFING**
Sandy Belson, Interim Planning Manager
Tom Boyatt, Community Development Director
Subject: Springfield’s Affordable Housing Strategy **MEMORANDUM**

ISSUE:

Although the City has experienced a record number of new residential construction in the past two years, appropriate and affordable housing remains elusive for a significant portion of our community.

**COUNCIL GOALS/
MANDATE:**

Promote and Enhance our Hometown Feel While Focusing on Livability and Environmental Quality

BACKGROUND:

The City continues to take actions to address housing needs in Springfield, but more can be done to continue to increase the diversity and affordability of housing. This work session along with others this spring provide direction to staff as to where to focus funding and staff efforts as we seek to be a family friendly community for all people in every phase of life; whether it’s just starting out with a new family or downsizing to a smaller home.

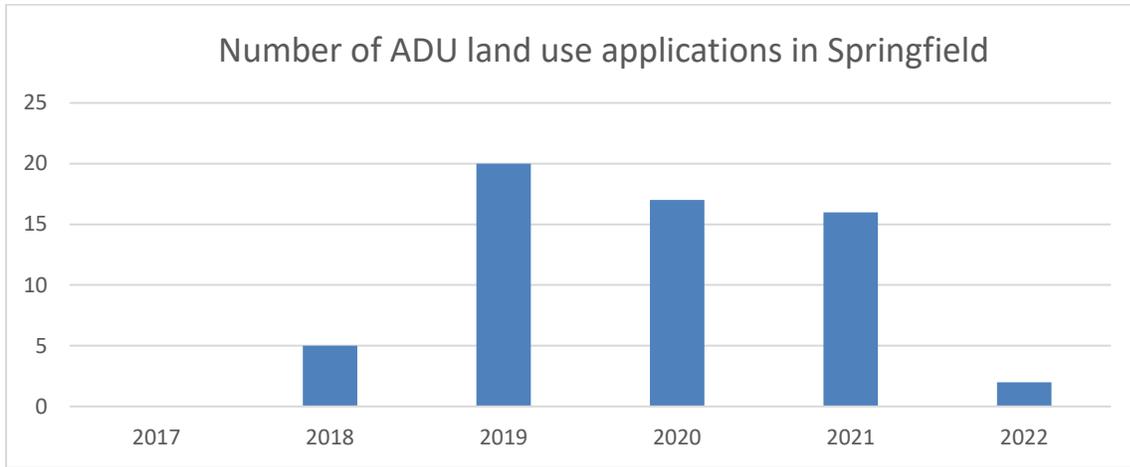
This memo touches on several strategies with potential to diversify the housing market. Questions for Council within each section are designed to guide Council’s discussion.

SDC WAIVERS:

At the Work Session on April 4, 2022, Council advised that they want to further consider the potential financial impacts of continuing to waive the system development charges (SDCs) for accessory dwelling units (SDCs) and/or waiving SDCs for income-qualified housing. SDCs are charges imposed on development to accumulate capital needed to provide sufficient capacity in infrastructure systems to accommodate that development. A City waiver of SDCs would not apply to the SDCs collected by or on behalf of the Willamalane Park and Recreation District, the Springfield Utility Board, and the Metropolitan Wastewater Management Commission. Waiving SDCs reduces the funds available for capital projects that have or will add capacity to our transportation, stormwater, and wastewater systems. The result is that the City will either not be able to build as many infrastructure projects, or in the case of wastewater and stormwater, the ratepayers would bear more of the construction costs for future projects.

Accessory Dwelling Units

The Council started waiving SDCs for accessory dwelling units (ADUs) on July 1, 2017. The Council extended the waiver through June 30, 2022 by passing Resolution 2019-16. The graph¹ below shows the number of ADU applications for the past several years (through the end of March 2022).



SDCs are charged at the time of building permit. The maximum SDCs (for city systems) for an ADU (new construction and adding impervious surface) would cost:

Maximum SDCs for an ADU	
Transportation	\$ 2,965
City sanitary sewer	3,373
Storm drainage	<u>1,397</u>
TOTAL	\$ 7,735

During Fiscal Year 2021, the City waived \$108,229 in SDCs for ADUs. During that same year, the City collected \$5,685,101 in SDCs for those three systems.

SDCs Collected and Waived in Fiscal Year 2021

Capital Fund	Total Collected	Waived for ADUs
Transportation (Streets)	870,569	57,027
City sanitary sewer	1,205,045	47,116
Storm drainage	390,574	4,086
TOTAL	\$5,685,101	\$108,229

Given the somewhat downward trend in the number of ADUs permitted over the past three years and the option of adding middle housing instead of ADUs, it is likely that the amount of SDCs that would be waived for ADUs in the next couple years would not exceed the amount waived in Fiscal Year 2021.

Question for Council: *Should the City continue to waive SDCs for ADUs?*

¹ Councilor Pishioneri pointed out the mistake in the graph shown in the memo for the April 4 meeting. As stated at the meeting, since the beginning of 2017, the City has received 60 land use applications for ADUs as of the beginning of April 2022. The mistake was typing in 10 ADUs for 2019 instead of 20.

Income-Qualified Housing

The other SDC waiver option Council agreed to consider is for income-qualified housing - housing that is guaranteed to be affordable for low-income households. Staff recommends “waiving” SDCs for homes built by a non-profit organization that target homebuyers with low incomes. This approach would help make home ownership more affordable to qualifying households. In this case, the “waiver” would consist of a forgivable loan. The non-profit would need to guarantee that the household purchasing the home would be making 80% or less of the area median income and the purchase price would be affordable. If the house is resold within the affordability period (recommended to be five years), it must be sold to another low-income household at an affordable sales price. Otherwise, the seller would have to pay off the loan.

Income Levels for Low Income Households – 2021

Household Size (people)	80% of Area Median Income (annual)
1	\$39,900
2	\$45,600
3	\$51,300
4	\$56,950
5	\$61,550
6	\$66,100
7	\$70,650
8	\$75,200

Non-profits that are building housing affordable to low-income homebuyers include Habitat for Humanity and Square One Village (through a land trust model). Typical SDCs (for city systems) for a single unit home are:

SDCs for Single Unit Dwelling	
Transportation	\$ 3,824
City wastewater	5,190
Storm drainage	<u>1,888</u>
TOTAL	\$10,902

Habitat for Humanity’s project at Fischer Village includes 12 lots. Habitat for Humanity typically builds a few houses at a time. Square One Village does not have any current projects in Springfield. The C-Street Co-op consisted of one house with an ADU. NEDCO (currently devNW and St. Vincent de Paul) have developed projects for homeownership but have not done so for a number of years. The number of new homes eligible for SDC waivers would not likely exceed ten per year, which would have a maximum impact of \$109,020 in waived charges per year.

The construction of rental housing affordable to low-income households typically qualifies for federal HOME funds. A developer’s request for HOME funds could include the amount needed to pay for SDCs. There is approximately \$2 million in HOME funds for affordable housing projects in Springfield, plus approximately \$900,000 in HOME-ARP funds. In the past several years, there has not been a shortage of HOME funds for Springfield projects. As federal funds are available to pay for SDCs on income-qualified rental housing, staff recommends using those funds rather than forgo collection of SDCs needed to expand city infrastructure.

Question for Council: *Should the City “waive” SDCs for homes targeted to low-income homebuyers?*

RVs AS TEMPORARY HOUSING:

In response to the displacement of households caused by the Holiday Farm Fire, the COVID-19 pandemic threatening household stability, and the regional housing shortage that limits temporary housing options, the City Council adopted [Resolution 2020-34](#) on October 19, 2020. That Resolution temporarily suspended enforcement of the prohibition of recreational vehicle (RV) occupancy if the host property owners and recreational vehicle occupants followed certain Guidelines (see Attachment 2). The Council reviewed this temporary measure on May 17, 2021 and determined the City should continue to allow RVs to serve as temporary housing given the on-going need for housing options. Now that the state of Oregon has lifted the moratorium on evictions and the effects of the coronavirus pandemic have subsided, it is time for Council to determine if there is still a need for this type of temporary housing.

Over the past year, calls to the Development Center around this topic are most likely to be from people asking if living in RVs was allowed and wanting to take advantage of that opportunity. Staff report few complaints about people living in RVs, and when there are complaints, the people involved are not following the Guidelines. Code enforcement officers report that most cases can easily be guided into compliance with the Guidelines. Development Center staff do not believe there has been an increase in complaints of people living in RVs as compared to before the allowance. Those cases that involve more effort mostly come in tandem with complaints of other conditions on the property, rather than being directly related to the RV.

Question for Council: *Should the City continue to allow RVs to be used as temporary housing (in addition to those allowed in RV/manufactured home parks, campgrounds, and through the Overnight Parking Program)?*

There are three options for Council consideration:

- 1 – Transition to enforcement of the prohibition of living in RVs as temporary housing. The City would put in place a grace period to allow for removal of the temporary uses. There may be an increase in enforcement cases as the displaced seek other housing and there are few affordable options available.
- 2 – Continue to allow RVs on private property with a check-in at some future date.
- 3 – Direct staff to explore code amendments that would make this type of use allowable on a permanent basis.

HOME-ARP FUNDING:

Congress approved new funding for housing to serve people experiencing homelessness and at risk of homelessness through the American Rescue Plan Act of 2021. The special one-time HOME Investment Partnership Program – American Rescue Plan (HOME-ARP) funds will be provided by the Department of Housing and Urban Development (HUD) directly to HOME jurisdictions. The Eugene-Springfield HOME Consortium will receive \$4,728,637 through the new program. After calculating the funding for administration and non-profit operating assistance, it is estimated that Springfield will have approximately \$900,000 available to allocate toward a project.

The HOME-ARP funds must be used to benefit specific populations. The qualifying populations will be individuals or families experiencing homelessness, at risk of homelessness, fleeing or attempting to flee domestic violence, and those at greatest risk of housing instability, with attention to veterans meeting one or more of those categories.

There are specific ways that HOME-ARP funds may be used to increase housing opportunities for the qualifying population. In addition to funds for administering and operating the program, eligible activities are in five categories:

1. Development of rental housing (as with regular HOME funds)
2. Development of non-congregate shelter
3. Supportive services specific to housing
4. Operating Assistance for non-profits serving the population
5. Tenant based Rental Assistance

Outreach to Stakeholders

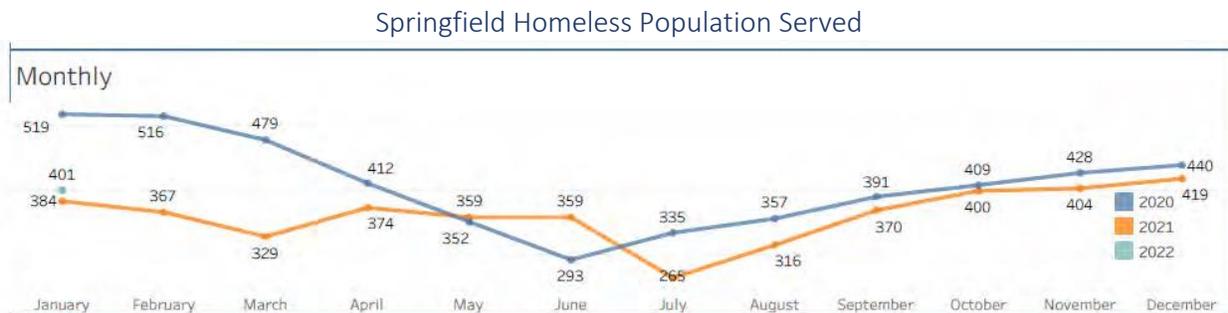
This past winter, staff completed the required consultations with specific organizations in the community that work in affordable housing and social services, including interviews and an online survey.

The responses to the survey were similar to the interviews. Respondents thought that all the eligible HOME-ARP activities were important and needed, but the biggest need was to create more places to live. Development of permanent rental housing was identified as slightly more important than development of non-congregate shelter. Respondents noted that rent assistance is a constant need in the community and therefore not the best use of one-time funds and rent assistance does not guarantee housing stability over the long term. Interview participants noted that it was important to include social services in development projects to support the population, especially in the first years of occupancy, and that services funding was otherwise difficult to get.

Data Analysis

HUD required an analysis of demographics of the qualifying population in Eugene and Springfield. As expected, data shows the community has a significant population of people experiencing homelessness and at risk of homelessness, and there is insufficient shelter and housing available. The graph and table below are one piece of the overall data analysis.

The graph below shows the number of unhoused people who are accessing services who cite Springfield as their place of residence. In January 2022, 401 persons identified as unhoused Springfield residents.



Source: Lane County Homeless By Name List (HBNL)

The table below shows the number of rental units in the Eugene Springfield region, particularly those that are affordable at different income-qualified levels. Compared with the number of households with that income, the region has a current gap of 8,775 rental units that are affordable for those earning 0-50% of the area median income (AMI).

Housing Needs Inventory Needs and Gaps Analysis Table (Eugene and Springfield)

	# of Units	# of Households	# of Households
Total Rental Units	49,520		
Rental Units Affordable to HH at 30% AMI (At-Risk of Homelessness)	2,595		
Rental Units Affordable to HH at 50% AMI (Other Populations)*	3,935		
0%-30% AMI Renter HH w/1 or more severe housing problems (At-Risk Homelessness)		8,335	
30%-50% AMI Renter HH w/1 or more severe housing problems (Other Populations)		6,970	
Current Gaps			8,775
CHAS 2014-2018, Tables 14B, 15C CHAS 2014-2018			
*units affordable to hh with income <30% AMI and > 50% AMI			

AMI = Area Median Income
HH = Households

Based on data analysis and feedback from stakeholders working in affordable housing and social services, and the HOME-ARP's priority population of people experiencing homelessness and at risk of homelessness, the Mayor and Councilor Rodley are recommending that Springfield propose to allocate its portion of the HOME-ARP project funds toward the development of rental housing and supportive services for that development. Below is a potential draft allocation for the HOME Consortium:

SOURCES			
New HOME-ARP Funds (HUD published)		\$4,728,637	
TOTAL		\$4,728,637	
Uses		Eugene's portion	Springfield's portion
Rental Housing Development	\$3,282,910	\$ 2,575,012	\$ 707,898
Non-Congregate Shelter Development	-		
Social Services (specific to housing)	\$500,000	\$ 300,000	\$ 200,000
Tenant Based Rental Assistance	-		
Non profit Operating Support	\$ 236,432		
Administration (15% maximum)	\$ 709,296	\$ 638,366	\$ 70,929

TOTAL	\$4,728,637	\$ 3,513,378	\$ 978,827
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Next Steps

The HOME Consortium Governing Board will meet in May to finalize a draft allocation to publish for comment. There will be a written public comment period and public hearing. The Governing Board will vote on a final allocation of the HOME-ARP funds at their June Meeting.

Question for Council: *Does Council have any questions about the proposed allocation of HOME-ARP funding?*

PROPERTY TAX EXEMPTIONS:

Housing Diversity Tax Exemption

At the Work Session on April 4, 2022, Council confirmed continued support for consideration of a Housing Diversity Tax Exemption for multi-unit housing (also known as MUPTE). Over the summer, staff will develop a program proposal for Council’s consideration in the fall. Staff will review the geographic areas already identified to see if any of the boundaries should change based on any land use changes over the past couple years. These transit-oriented areas include: Downtown, Mohawk, Q Street, and along Main Street. Staff will add an area around Marcola Road as directed by Council on April 4.

There are some minimum program requirements (from ORS 307.606(4)) for this property tax exemption:

- Existing utilization of proposed project site, including justification of the elimination of any existing sound or rehabilitable housing
- Design elements
- Rental rates or sales prices
- Extensions of public benefits from the project beyond the period of the exemption
- Minimum number of units
- For housing that is subject to a low-income housing assistance contract, additional requirements apply

In addition to minimum program requirements, the City must select at least one public benefit for a tax exemption program. Public benefit requirements can be different for each designated program area, and criteria for achieving public benefits must be adopted in program guidelines.

If the City Council is interested in a range of exemption periods one option could be to tie the exemption period to the amount of public benefit provided by multifamily development. For example, the minimum exemption for applications could be set at five years, with applications that go above and beyond minimum requirements receiving additional years of exemption up to the 10 year maximum. In this option specific qualifications for each level of exemption will need to be explicitly detailed in the adopted program guidelines.

Examples of public benefits:

- Commercial uses
- Open spaces
- Parks and recreational facilities
- Common meeting rooms
- Child care facilities
- Transit amenities
- Transit or pedestrian design elements

Previously, Council indicated interest in strong design standards to improve the quality of the neighborhood, and to keep the program broad and fairly simple for administrative purposes.

Question for Council: *Does Council have any additional guidance at this point, particularly around the public benefit, as we move into crafting program guidelines for the Housing Diversity Tax Exemption?*

If City Council is supportive of moving forward with a housing diversity tax exemption, the city would undertake the following steps for program adoption.

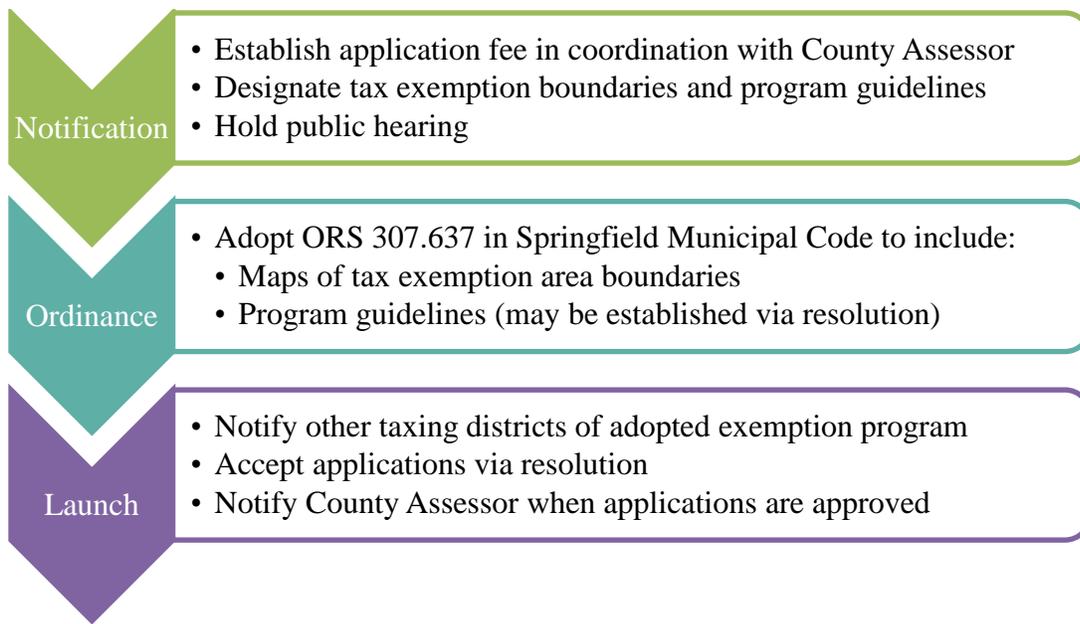
Steps to begin tax exemption program

- Coordinate with the County Assessor on program administration charges
- Evaluate City program administration costs
- Notify other taxing districts of intent to move forward with a tax exemption program
- Develop program guidelines
- Hold a public hearing on the adoption of ORS 307.6-637
 - Public hearing to determine whether multi-unit housing in designated areas would not otherwise be built without tax exemption
- Adopt provisions of ORS 307.6-637 into Springfield Municipal Code by ordinance
- Designate tax exemption boundaries; adopted in the same ordinance as above
- Adopt program guidelines either by ordinance or resolution
- Adopt a program application fee by resolution with agreement from County Assessor
- Notify other regional taxing districts of adoption of exemption program; if at least 51% of the total combined rate of taxation from taxing bodies agree, then all taxing districts will be included in the tax exemption program
- Develop an application form
- Publish program guidelines and application materials on City website

Steps to accept/approve tax-exempt projects

- Applicant pays application fee and submits completed application form and provides supporting materials
- Council reviews and approves (by resolution) applications for projects requesting a tax exemption and includes findings demonstrating how applicants have met program criteria, including public benefit standards
- City notifies the County assessor an application has been approved
- City forwards County assessor's portion of application fee

Summary of Next Steps



Low-Income Rental Housing Property Tax Exemption (LIRHPTE)

As explained at the Council’s work session on April 4, the City reinstated the property tax exemption in 2018. In 2019 Council approved an exemption for the Myrtlewood, 35 units affordable to those with low incomes, operated by St. Vincent de Paul. The LIRHPTE is one tool to help develop affordable housing for low-income residents and help a project pencil given restricted rents. Developers cite the limited availability of land in Springfield is the main reason they have been unable to develop additional income qualified housing.

Other Property Tax Exemptions

As the City puts in place the Housing Diversity Tax Exemption (described above), staff will further explore the other two property tax exemptions in which Council expressed interest at the April 4 work session. These include:

- Nonprofit Corporation Low-Income Housing Tax Exemption - ORS 307.540 to 307.548
- Single Unit Housing Tax Exemption - ORS 307.651 to 687

RECOMMENDED ACTION:

Provide direction to staff in response to the following questions:

- 1. Should the City continue to waive SDCs for ADUs?*
- 2. Should the City “waive” SDCs for homes targeted to low-income homebuyers?*
- 3. Should the City continue to allow RVs to be used as temporary housing (in addition to those allowed in RV/manufactured home parks, campgrounds, and through the Overnight Parking Program)?*
- 4. Does Council have any questions about the proposed allocation of HOME-ARP funding?*
- 5. Does Council have any additional guidance at this point, particularly around the desired public benefit, as we move into crafting program guidelines for the Housing Diversity*

Tax Exemption?

If there is insufficient time during the work session to answer all the questions, Council can defer discussion on property tax exemptions to a fall work session when staff brings back draft program guidelines.

RV OCCUPANCY ON PRIVATE PROPERTY



Temporary Guidelines from the City of Springfield, starting October 2020



THESE GUIDELINES DO NOT APPLY TO:

- 1 RV Parks.
- 2 Manufactured dwelling parks.
- 3 Campgrounds.
- 4 Churches and industrial sites that participate in the *Overnight Parking Program*.

Hello Recreational Vehicle Owners!

Due to the heightened need for temporary housing in our community, the City of Springfield will allow temporary occupancy of recreational vehicles (RVs) when they are parked on private property as described here.

City staff will use these guidelines for the temporary measure and continue to uphold safety and health standards aimed at protecting the occupants of the RVs. All other city ordinances for the protection of health and safety shall remain in effect.

Failure to follow these guidelines in a manner that threatens the health and safety of the temporary residents, property owners, neighbors or public may result in enforcement actions.

RV DEFINITION

Recreational vehicle is defined in the Springfield Development Code as:

“A vacation trailer or other unit, with or without motive power, which is designed for human occupancy and to be used temporarily for recreational, seasonal, or emergency purposes and has a gross floor space of less than 400 square feet. The term includes camping trailers, camping vehicles, motor homes, park trailers, bus conversions, van conversions, tent trailers, travel trailers, truck campers, and any vehicle converted for use or partial use as a recreational vehicle. The unit shall be identified as a recreational vehicle by the manufacturer or converter.”

For purposes of these guidelines, an RV also includes a tiny house on wheels suitable for transport on a public street.

General Guidelines

- RV must be Roadworthy.
 - ◆ The RV must be in a drivable or towable condition and licensed as appropriate.
 - ◆ RVs that cannot be easily driven off or towed from the property are deemed a nuisance and subject to code enforcement.
- No structures shall be connected to the RV.
- All personal items shall be kept in the RV or otherwise screened from view from any public right-of-way (including alleys).
- Property owners may not charge rent, but may ask the RV occupants to contribute toward utilities.



Good Neighbor Approach

A good neighbor approach is strongly recommended for all property owners, business owners, and temporary residents. The City will continue to take action to enforce noise, sanitation, nuisance, and other public health and safety code violations.

RVs are not allowed on vacant lots.

READ ON for information based on your RV's location

